

BAF

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Paper / Subject Code: 76402 / Auditing I

Q.P. Code : 30523

[Time: 2½ Hours]

[Marks: 75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicate full marks.

1. (a) Fill in the blanks with appropriate words and rewrite the Statements: (Any 8) 08

- 1) "Fraud" means a _____ mistake in financial information. (bonafide / malafide)
- 2) _____ audit is an audit of transactions as soon as a transaction takes place. (Concurrent / Continuous)
- 3) _____ error is an error in totalling. (casting / vouching)
- 4) Purchase bill is an example of _____ documents. (external / internal)
- 5) Audit working papers are the property of _____. (auditor / client)
- 6) The main objective of _____ is to avoid or reduce the tax liability. (secret reserves / window dressing)
- 7) Ownership of goods sent on approval basis is with _____. (seller / consignee)
- 8) _____ deals with audit sampling. (SA-530 / SA - 400)
- 9) Audit techniques of _____ means a formal inquiry from outsiders. (confirmation / verification)
- 10) Internal auditor is appointed by the _____. (management / shareholders)

(b) State whether the following statement are **True** or **False** and rewrite the statement (Any 7): 07

- 1) An Error of principle will not affect the Trial Balance.
- 2) Audit Note Book is a part of permanent audit file.
- 3) Balance confirmation from Debtors is an internal document.
- 4) Audit plan is to be approved by client being audited.
- 5) Auditor must do a 100% checking of all transaction & balances.
- 6) Internal audit helps to detect rather than prevent errors.
- 7) Audit plan once developed should never be revised during the course of audit.
- 8) The audit technique of observation consists of examining records, documents or tangible assets.
- 9) The auditor should act like a bloodhound and not a watch dog.
- 10) Auditing of accounts is compulsory in a partnership firm.

2. (a) What is Interim Audit? What are its advantages & disadvantages? 08
(b) What is Fraud? What are the different types of Fraud? 07

OR

Turn Over

- (c) What is Balance Sheet Audit? How is Balance Sheet Audit carried out? 08
(d) What is Window Dressing? Discuss briefly. 07

3. (a) What is Audit Planning (SA 300)? Discuss briefly. 08
(b) What is Audit Programme? What are its advantages? 07

OR

- (c) What do you mean by Audit Working Papers? Explain the contents of permanent audit file. 08
(d) What do you mean by the term Auditor's Lien? Explain it briefly. 07

4. (a) What is Test Checking? What are the advantages & disadvantages of Test Checking? 08
(b) Define Audit Sampling. Explain the methods of sampling. 07

OR

- (c) Explain the term "Internal Control". What are its objectives? 08
(d) What are the basic principles governing Internal Audit? 07

5. (a) Explain evaluation of Internal Audit by Statutory Auditor. 08
(b) What are the Inherent Limitations of Auditing? 07

OR

5. Write short notes:- (Any 3) 15
a) Types of errors
b) Secret Reserve
c) Materiality
d) Substantive Procedures
e) Routine Checking